



# Introduction to Demand

- We buy products for their **utility**- the pleasure, usefulness, or satisfaction they give us.
- What is your utility for the following products?  
(Measure your utility by the maximum amount you would be willing to pay for this product)
- Do we have the same utility for these goods?



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- One reason the demand curve slopes downward is due to diminish marginal utility
  - The **principle of diminishing marginal utility** says that our additional satisfaction tends to go down as we consume more and more units.
- To make a buying decision, we consider whether the satisfaction we expect to gain is worth the money we must give up.